



The President's Daily Brief

25 November 1971

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The India-Pakistan situation is discussed on *Page 1*.

The Soviet defense budget will remain unchanged for the second year in a row but the defense-dominated science expenditures will rise by more than ten percent. (*Page 2*)

Fidel Castro is planning a stop-over in Peru and possibly Ecuador on his way home from Chile. (*Page 4*)

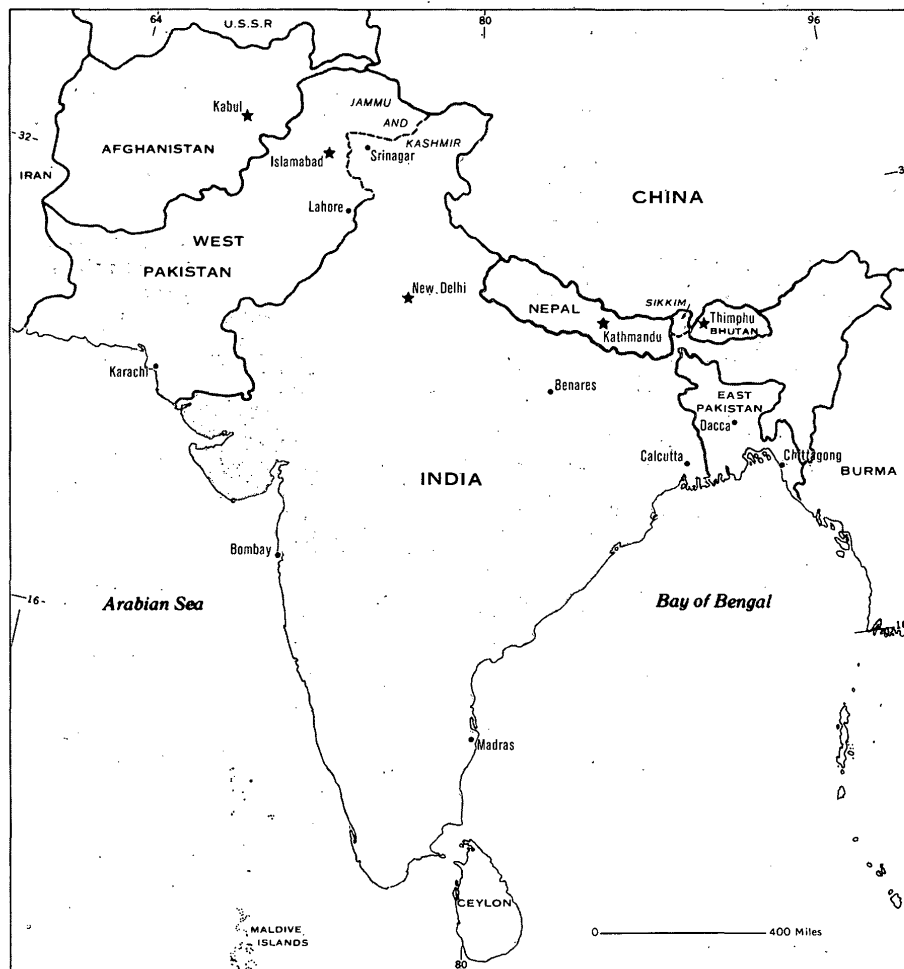
Soviet SA-6 tactical surface-to-air missile equipment has been observed in the Sino-Soviet border area for the first time. (*Page 5*)

The Arab Joint Defense Council meeting on Saturday will seek to inject a new sense of urgency to international consideration of the Middle East problem. (*Page 5*)

The first of two Soviet Mars probes launched last May is expected to reach the planet's vicinity on Sunday. (*Page 5*)

An agreement between Iran and Sharjah on the status of Abu Musa Island will be announced on 29 November. (*Page 6*)

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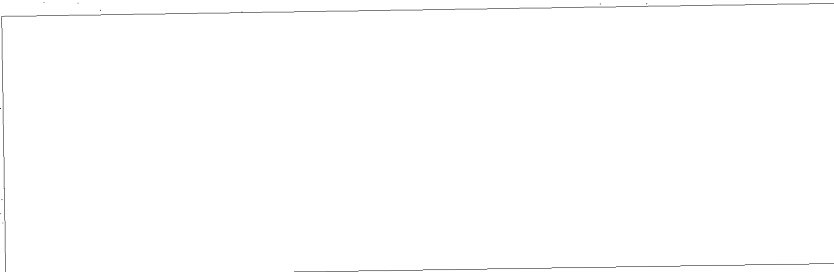


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INDIA-PAKISTAN

 Indian troops are being used in East Pakistan, but the extent of their employment is difficult to gauge from day to day. The Indians are now admitting publicly that their tanks entered East Pakistan last Sunday in "self-defense." Indian officials also say that any Indian troops have permission to cross the border in similar circumstances.

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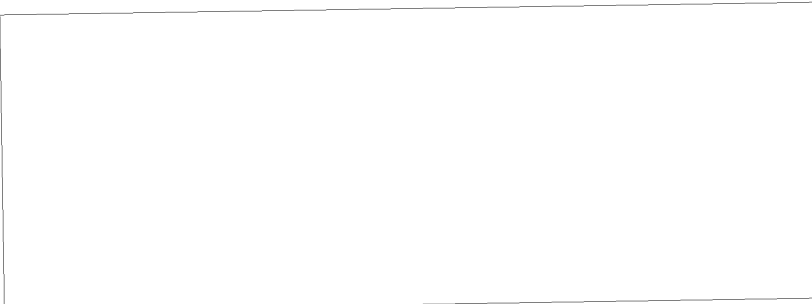
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The Pakistanis are probably exaggerating the current level of the clashes in the hope of getting early international action to halt the fighting.

India's political stance and military policy strongly suggest that Mrs. Gandhi is prepared to keep the pressure on. This leaves Yahya with the choice of making some substantial political concession, doggedly continuing an unpromising battle in the East, or taking on superior Indian forces in the West. He appears to be hoping for the great powers to save the situation.

Despite India's claim that the Pakistanis shelled across the cease-fire line in Kashmir, the western border remains fairly quiet. President Yahya's call-up of the Pakistani reserves is little more than an effort to dramatize the situation, since Pakistan has only a rudimentary reserve system.

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USSR

Finance Minister Garbuzov reported to Wednesday's Supreme Soviet session that the planned Soviet defense budget of 17.9 billion rubles will remain unchanged for the second year in a row.

The announcement of a stable defense budget is presumably dictated by Moscow's desire to project an image of moderation, both at home and abroad. The published figure, however, excludes most of the funds for military research and development and military space, which are the most rapidly growing elements in the Soviet defense effort. This is largely financed under the heading of science expenditures. Total science allocations are slated to increase from 13 billion rubles planned for 1971 to 14.8 billion rubles in 1972, a rise of over ten percent.

The trend of the announced figures is consistent with the trend of USIB intelligence estimates constructed from observation of Soviet military programs and forces. These estimates project a total increase of about three percent over 1971. Most of this increase is to go to expanded research and development as well as space programs. In cost terms, these estimates project total Soviet defense expenditures in 1972 (including R&D and military space) at about 23 billion rubles (the equivalent of about \$66 billion if measured in US costs).

Kosygin's presentation of the 1971-75 plan goals was only marginally different from the program presented to the 24th Party Congress last spring.

In line with the leadership's current policy of doing more for the consumer, the output of consumer goods is now planned to increase by 49 percent compared with the 44-48 percent projected in April.

In an uncharacteristic Khrushchevian moment, Kosygin claimed that by 1975 Soviet industrial and agricultural output will exceed present US industrial and agricultural output.

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USIB intelligence estimates indicate, however, that the Soviets will fall about 10-15 percent short of current US production in these sectors in 1975, even if five-year plan goals are achieved.

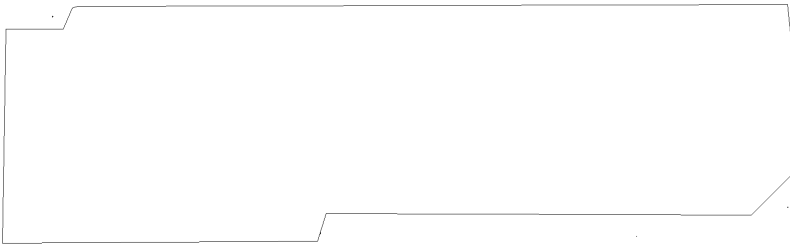
Kosygin also announced that the 1971 grain harvest would total about 180 million tons, short of last year's record of over 186 million tons.

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CUBA-PERU-ECUADOR

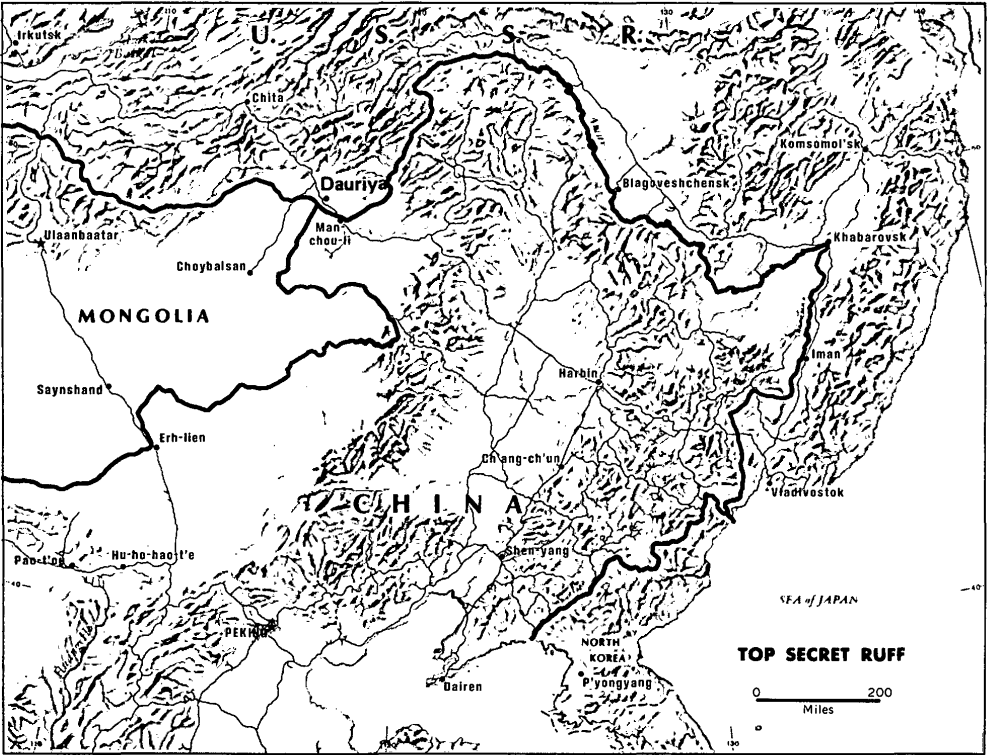
The Peruvian foreign minister announced on 22 November that Fidel Castro will stop in Lima on his way home and meet with President Velasco Alvarado. He also announced that Peru would soon propose an OAS resolution abolishing the sanctions imposed on diplomatic and commercial ties with Cuba.



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Castro's visit to Chile, followed by brief stops in Peru and Ecuador, will certainly enhance his international image. In practical terms, his journey could be a long step toward bringing about the abandonment of the 1964 OAS resolution that excluded Cuba from the hemispheric community and imposed economic sanctions.

Soviet SA-6 Equipment Seen Near Chinese Border



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IOC 1970
Range 10 - 15 nm
Altitude 300 - 40,000 ft
Warhead 140 lbs HE
Guidance command
(terminal homing)
Length 19 ft

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NOTES

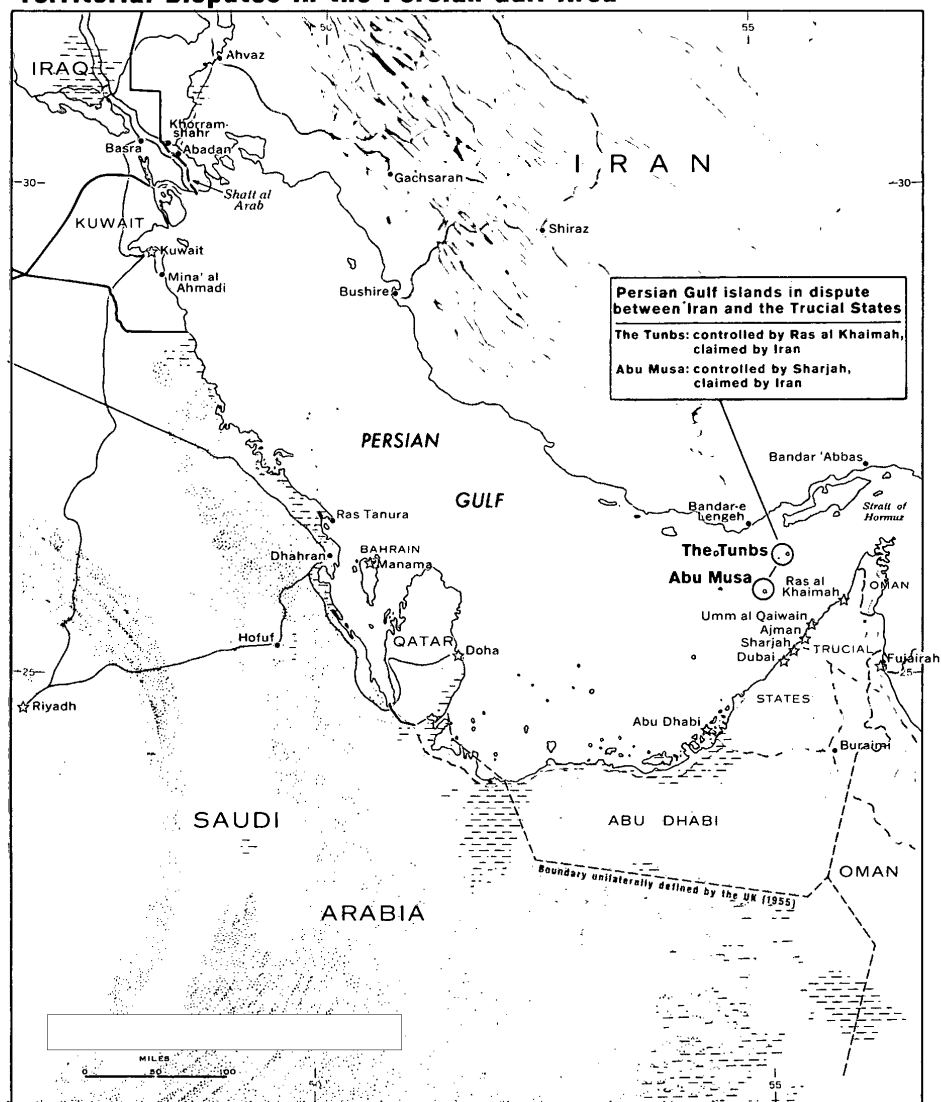
USSR: Satellite photography shows equipment for the SA-6 tactical surface-to-air missile system at the Dauriya army barracks near the USSR-China-Mongolia border. This is the first known deployment of the SA-6 east of the Urals and in the Sino-Soviet border area. SA-6 equipment had earlier been identified at nine locations in the western USSR. The Soviets have also placed the SA-6 around the Aswan airfield in Egypt. First deployed in mid-1970, the SA-6 provides Soviet ground forces with a mobile low-altitude air defense system.

Arab States: Meeting in Cairo on Saturday, members of the Arab Joint Defense Council will seek to inject a new sense of urgency to international consideration of the Middle East problem, particularly the UN General Assembly debate which begins next week. Pointing up the propagandistic flavor of the conference, Egyptian chief of staff Shazili told a preparatory meeting on Wednesday that the failure of previous political initiatives left the Arabs with no recourse but military action. Aside from this, the meeting is the latest of a series hosted by President Sadat to try to coordinate political, economic, and military strategy against Israel. It remains doubtful, however, that the Arab defense ministers can agree on a plan of joint military action, even on a contingency basis.

USSR: The first of two Mars probes launched last May is expected to reach the vicinity of the planet on Sunday. The second is about five days behind. Although we have no evidence on the specific missions of these unmanned space vehicles, either one could orbit or land. Official Soviet statements have said only that the probes are intended to carry out "comprehensive research of Mars and the space near it." If their mission is accomplished, these will be the first successes in the 11-year history of the Soviet Mars program.

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Territorial Disputes in the Persian Gulf Area



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Iran - Persian Gulf: The British have told us that an agreement between Iran and Sharjah on the status of Abu Musa Island will be announced on 29 November. Iran is expected to occupy a part of Abu Musa as well as the two Tunbs the following day. The latter two islands have been disputed by Iran and Ras al Khaimah and are not included in the present agreement, but the Sheik of Ras al Khaimah has no way to resist and is not expected to protest seriously. As we reported in The President's Daily Brief of 19 November, we still expect reaction in the rest of the Arab world to be restricted to propaganda.

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